

NOTE 6 – TAXES RECEIVABLE

Taxes receivable represent amounts due to the State at September 30, for revenues earned in fiscal year 2000-2001, which will be collected sometime in the future. Amounts expected to be collected in the next fiscal year are classified as "current" and amounts expected to be collected beyond the next fiscal year are classified as "noncurrent." The receivables have been recorded net of allowances for uncollectibles. Sales, use, single business, and income taxes are accrued to the extent that the related sales, wage, or activity being taxed occurred prior to October 1. Property taxes receivable are accrued when taxes are levied against the property owners.

In the government-wide financial statements, a corresponding amount is recorded as revenue using the accrual basis of accounting. In the governmental fund financial statements, revenue is recorded using the modified accrual basis of accounting for amounts due to the State at September 30 (as stated above) that are considered "available" (e.g. received by the State within approximately 60 days after that date). The remainder is recorded as deferred revenue. Annual tax payments (i.e., those paid with an annual return, such as individual personal income taxes filed in April)

have not been accrued because they are neither reasonably estimable nor available. The State accrues single business taxes received prior to December 1 (i.e., quarterly filings due November 30).

Local units of government, as agents for the State, assess the State property tax. Taxes are due and payable at the same time as local unit taxes and are generally divided into a summer portion payable to the local units on the succeeding July 1 and a winter portion due December 31. The State accrues revenues received by the State or the local units, on its behalf, during October and November. Since the property taxes are levied and received by the local units, it is not feasible for the State to measure and record delinquent amounts receivable and, therefore, no delinquent amounts are recorded or reflected in the table below. The accrued telephone and telegraph taxes are due December 1 and were received at approximately that time. Delinquent taxes are recognized to the extent that they will be collected within 12 months.

Taxes receivable as of September 30, consisted of the following (in millions):

| <u>Tax</u> | General Fund | Special Revenue Funds | Total |
|--|-----------------|-----------------------------|------------|
| Sales & use | \$ 320.1 | \$ 601.2 | \$ 921.2 |
| Individual income | 1,783.5 | 295.7 | 2,079.2 |
| Single business | 1,805.1 | - | 1,805.1 |
| State education (property) tax | - | 557.8 | 577.8 |
| Telephone & telegraph | 67.4 | - | 67.4 |
| Motor fuel | .1 | 240.0 | 240.1 |
| Insurance - retaliatory | 56.4 | - | 56.4 |
| Estate & inheritance | 39.1 | - | 39.1 |
| Tobacco products | 23.9 | 43.7 | 67.6 |
| Other | 30.4 | 57.0 | 87.4 |
| Penalties and interest | 909.8 | .2 | 910.0 |
| Gross taxes receivable | 5,035.7 | 1,815.6 | 6,851.3 |
| Less allowance for uncollectibles | (1,661.5) | (396.0) | (2,057.5) |
| Total taxes receivable (net) | \$ 3,374.2 | \$ 1,419.6 | \$ 4,793.8 |
| <u>As reported on the financial statements</u> | | | |
| Current taxes receivable | \$ 2,680.7 | \$ 1,283.1 | \$ 3,963.8 |
| Noncurrent taxes receivable | 693.4 | 136.6 | 830.0 |
| Total taxes receivable (net) | \$ 3,374.2 | \$ 1,419.6 | \$ 4,793.8 |